



Pensions in partnership

December 2010



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Payment of CAY lump sums

We are planning a significant change to CAY (compensatory added years) arrangements.

From 1 April 2011 we intend to **transfer the responsibility for the payment of CAY lump sums to employers**, as they are employer compensation, not pension, payments.

The SPF committee will be asked to approve this change on 8 December, and we will issue further details in a Technical Bulletin after the meeting.

The Independent Public Service Pensions Commission

Lord Hutton has issued a call for evidence by 17/12. The areas he is seeking input on include:

- The appropriate scheme design.
- How much employees should pay.
- How the private sector has dealt with accrued rights.

His final report is expected in the Spring.

State Pensions Green Paper

The government is expected to issue a Green Paper on state pensions in Dec. Key proposals include:

- Ending “contracting out”. This would raise employer national insurance contributions by 3.7% and employee rates by 1.6%.
- A flat rate state pension that is not means tested. This will remove worries about LGPS benefits displacing means tested benefits.

Taxation

The LGE has issued Bulletin 75 that includes their best understandings on the new annual allowance rules.

It is clear from the Bulletin that a number of issues need to be clarified before we can deliver a calculator on our website.

Other news

We have issued **Technical Bulletin 34** that launches a new process for bulk redundancy provisional calculations.

We have issued **Technical Bulletin 35** that launches our new range of forms.

Minutes from the **Admin Forum of 8/11** are available from the Employers / Technical Bulletins area of our website along with accompanying IDRPs flowchart, Hutton presentation and tax presentation.

We expect **In Touch**, our newsletter for deferred members, to go out in December.

There is a **current consultation** requesting views by 24/12 on some new LGPS legislation for 2011. The proposed legislation is largely of a tidying up nature.

One interesting proposal is to allow all members to “**link up**” all their LGPS service within a new 12 month amnesty window. We are working on a “linking up” information sheet in preparation for increased interest in this complex area.

Access to **NEST** (National Employment Savings Trust) will have to be provided by all employers without an occupational pension scheme for their employees earning above £7,475.

Festive SPFO office closure

We will be closed from Dec 25 to Jan 4 inclusive.

Merry Christmas!